

Message Text

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ORIGIN ARA-14

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FM SECSTATE WASHDC
TO AMEMBASSY SAN SALVADOR

C O N F I D E N T I A L STATE 215764

E.O. 11652: GDS

TAGS: BEXP, EINV, SHUM, ES

SUBJECT: IDB PROPOSALS FOR EL SALVADOR

1. ON AUGUST 18 THE INTERAGENCY GROUP ON HUMAN RIGHTS
AND FOREIGN ASSISTANCE, CHAIRED BY THE DEPUTY SECRETARY,
DECIDED TO POSTPONE DECISIONS ON TWO PENDING IDB
PROPOSALS FOR EL SALVADOR: THE LIVESTOCK DEVELOPMENT
AND ANIMAL HEALTH PROGRAM AND THE PREINVESTMENT
PROGRAM. BOTH PROJECTS HAD BEEN BEFORE THE INTERAGENCY
GROUP EARLIER WHEN THE GROUP RECOMMENDED THAT THE US TRY
TO POSTPONE BANK CONSIDERATION OF THE PROJECTS, BUT OPPOSE
THEM IF THEY CAME FORWARD IN THE FORM IN WHICH THEY WERE
THEN STRUCTURED. THE GROUP AT THAT EARLIER MEETING
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AGREED TO RECONSIDER THE PROJECTS IF THE BANK RESTRUC-
TURED THEM TO REFLECT GREATER CONCERN FOR BASIC HUMAN
NEEDS (BHN) CONSIDERATIONS.

2. BOTH PROJECTS HAVE BEEN REDRAFTED AT THE IDB AND PROGRAM
DOCUMENTS HAVE JUST BECOME AVAILABLE TO THE DEPARTMENT.
THE INTERAGENCY GROUP WOULD LIKE TO RECONSIDER BOTH

PROJECTS DURING ITS NEXT SESSION (THE GROUP NORMALLY MEETS ABOUT EVERY FIFTH WEEK.) THE DEPARTMENT REQUESTS THAT THE EMBASSY EXAMINE THE PROJECTS AS REDRAFTED AND PROVIDE COMMENTS AND SUGGESTIONS.

3. THE LIVESTOCK DEVELOPMENT AND ANIMAL HEALTH PROGRAM - THE DEPARTMENT REQUESTS THAT THE EMBASSY EXAMINE THE PROGRAM DOCUMENT SPECIFICALLY TO ANALYZE ITS BHN COMPONENTS. THE INTERAGENCY GROUP WOULD LIKE ANSWERS TO SUCH QUESTIONS AS: EXACTLY WHERE ON THE SOCIO-ECONOMIC LADDER DO THE TARGET CATTLE RAISERS (HERDS OF 20 HEAD AND LANDS OF AT LEAST 15 HECTARES IN THE TARGETED NORTHERN AREAS) FIT? ARE THESE INDIVIDUALS NEEDY POOR OR, IN THE SALVADORAN ECONOMIC CONTEXT, ARE THEY AGRICULTURAL MIDDLE CLASS? WHAT IS THEIR PER CAPITA INCOME? SOME OF THESE "CATTLE RAISERS", WE UNDERSTAND, ARE NOT INDIVIDUALS, BUT COOPERATIVES. WHERE DO THESE COOPERATIVE MEMBERS FIT AND TO WHAT EXTENT DO THEY INFLATE THE TARGET FIGURE ON SIZE OF HERDS? WHAT PROPORTION DO (A) THE TARGETED BENEFICIARIES OF THE LOAN AND (B) THE TARGETED COOPERATIVE MEMBERS, MAKE UP OF THE RURAL POPULATION? ASSUMING THAT THE PROGRAM WILL INCREASE MEAT AND MILK PRODUCTION, WILL ITS SUCCESS LOWER MILK AND MEAT COSTS FOR THE POOR AND THEREFORE SIGNIFICANTLY HELP BHN OF THE POOR, EVEN IF THE TARGET CATTLE RAISERS ARE NOT AMONG THE POOR? WHY DO SALVADORANS

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HAVE AMONG THE HEMISPHERE'S LOWEST PER CAPITA CONSUMPTION OF MEAT AND DAIRY PRODUCTS? EVEN IF THE TARGETED CATTLE RAISERS AND/OR COOPERATIVE MEMBERS ARE NOT THEMSELVES RURAL POOR WILL THE PROGRAM SIGNIFICANTLY INCREASE RURAL EMPLOYMENT, PERHAPS OF WORKERS ON THE FARMS OF THE TARGET CATTLE RAISERS? IS THE TARGETED NORTHERN AREA REALLY BEST SUITED FOR CATTLE RAISING OR COULD IT MORE PRODUCTIVELY BE PUT UNDER CULTIVATION BY CAMPESINOS?

4. THE PREINVESTMENT PROGRAM - AS PRESENTLY STRUCTURED, THIS PROGRAM HAS DOLS 600,000 IN GRANT MONEY THAT IS COMMITTED TO STUDIES THAT SEEM CLEARLY BHN. THE DOLS 4 MILLION LOAN MONEY, HOWEVER, SEEMS NOT DIRECTLY RELATED TO BHN FACTORS BUT RATHER SUPPORTS THE GENERAL OUTLINES OF THE FIVE YEAR DEVELOPMENT PLAN (THAT DOES CONTAIN MAJOR BHN ELEMENTS). THE DEPARTMENT REQUESTS THAT THE EMBASSY CONSULT WITH APPROPRIATE OFFICIALS OF THE GOES TO DETERMINE THE POSSIBILITY OF FURTHER SPECIFYING WHAT STUDIES ARE TO BE UNDERTAKEN UNDER THE LOAN PORTION OF THE PROJECT SO AS TO EARMARK SIGNIFICANT PORTIONS OF IT SPECIFICALLY FOR LABOR-

INTENSIVE INDUSTRIES WHICH MIGHT QUALIFY AS BHN OR FOR OTHER BHN-RELATED PROJECTS. THE DEPARTMENT BELIEVES THAT EVENTUAL USG SUPPORT OF THIS FSO PROJECT WOULD BE MORE LIKELY IF THE DOCUMENT CONTAINED REFERENCE TO SPECIFIC BHN-RELATED STUDIES THAT WOULD BE CARRIED OUT WITH THE LOAN FUNDS AND IF A SPECIFIC PORTION OF THE DOLS 4 MILLION WERE DESIGNATED FOR SPECIFIED BHN-RELATED PROJECTS.

5. THE DEPARTMENT REALIZES THAT THE EMBASSY MAY NOT YET HAVE COPIES OF THE LATEST VERSIONS OF THE PROJECTS AND IS THEREFORE SENDING THEM BY POUCH. GIVEN OUR INTEREST IN RESPONDING TO THE INTERAGENCY GROUP AT ITS NEXT MEETING, HOWEVER, THE DEPARTMENT RECOMMENDS THAT THE CONFIDENTIAL

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EMBASSY APPROACH THE LOCAL REPRESENTATIVE OF THE IDB AND/OR THE APPROPRIATE INDIVIDUALS IN THE GOES TO OBTAIN COPIES AT THE EARLIEST POSSIBLE DATE. CHRISTOPHER

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